

**LAFAYETTE COUNCIL ON AGING, INC.**  
Lafayette, Louisiana

**Financial Report**

**Year Ended June 30, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

The following discussion and analysis of Lafayette Council on Aging, Inc.'s financial performance provides an overview of the Council's financial activities for the year ended June 30, 2006. Please read it in conjunction with the financial statements, which begin on page 13.

### **FINANCIAL HIGHLIGHTS**

The Council showed a net increase in overall net assets of \$1,147,131 or 25.9% this year.

Net Capital Assets of the Council increased by \$3,140,198 or 56.7%. The majority of the increase can be attributed to the building construction for Belle Rose Gardens.

The Council has four funds with deficit fund balances at year-end. They are as follows:

Foster Grandparents Fund	\$4,662
Broussard House Fund	\$932
Day Break Fund	\$49,678
Transportation Options Management Fund	\$8,660
Senior Olympics Fund	\$4,698

The unreserved, undesignated fund balance for the Council's General Fund was \$61,774 at year-end which is a \$38,719 increase from the prior year.

The Title V Senior Aides program expires October 31, 2006 which accounted for \$913,000 or 38% of revenues during the fiscal year ended June 30, 2006.

### **HOW TO USE THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 13 to 15) provide information about the activities of the Council as a whole and present a longer-term view of the Council's finances. Fund financial statements begin on page 17. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide statements by providing information about the Council's most significant funds.

Our auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance about Supplementary Financial Information Required by GASB Statement 34 and Supplementary Financial Information Required by GOEA and OMB Circular A-133 that follow later in this reporting package. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

#### **Reporting the Council as a Whole Using Government-Wide Statements**

Our analysis of the Council as a whole begins on page 4. An important question to ask about the Council's finances is, "Is the Council as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities (referred to collectively as the Government-Wide Financial Statements) report information about the Council as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using

the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Government-Wide statements can be found on pages 13 to 15 and report the Council's net assets and changes in them. Some of the net assets are restricted which means they can only be used for a specific purpose. The Statement of Net Assets is designed to present the financial position of the Council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, you will need to consider other nonfinancial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities provides information that shows how the Council's net assets changed as a result of this year's activities. All of the Council's significant activities are reported in the Statement of Activities. These activities include an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of various programs that include various supportive social services, nutritional services, utility assistance, and disease prevention and health promotion. These activities of the Council are considered to be governmental activities. A governmental activity is one where the Council uses money it receives from government grants and contracts, along with donations from the general public, to pay for the services it provides to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. However, the Council does charge a fee for persons under 60 years old to ride the Council's vans. We do not view the fees we charge for these activities as business-type activity because we do not intend to make a profit or recover the full cost of providing the service. If the Council charged fees to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The Council has two business-type activities. Both are related to housing services in which the Council charges rent.

### **Reporting the Council's Most Significant Funds Using Fund Financial Statements**

Our analysis of the Council's major funds begins on page 7. The Fund Financial Statements can be found on pages 17 to 22 and provide detailed information about the most significant funds - not the Council as a whole. In the Fund Financial Statements you will see a General Fund and a variety of Special Revenue Funds included with the non-major funds. The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. By using separate funds to track revenues and expenditures, we can control and manage funds for particular purposes or we can show that the fund is meeting legal responsibilities for using certain grants and other money.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. We have presented the difference between the net assets of governmental activities and the fund balances of the governmental funds in a reconciliation at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in net assets for the governmental funds and the change in net assets for the governmental activities has been presented in a reconciliation on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds.

The Council also has proprietary fund types. The proprietary funds are accounted for on the economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The Council applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. The Council's two proprietary fund types are considered Enterprise funds. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to a private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Council operates Woodvale Place Apartments and Belle Rose Gardens as enterprise funds. Both of these funds were considered major for the year ended June 30, 2006.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 to 44. You should read the notes before making assumptions or drawing conclusions about the Council's financial condition.

### **Supplementary Financial Information Required by GASB Statement 34**

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted annual budget. The schedules compare the original and final appropriated budgets to actual budget results for the Council's fiscal year. We have also opted to present positive and negative variances between the final budget and actual amounts.

Individual governmental and proprietary funds are considered "major" if their assets, liabilities, revenues or expenditures/expenses comprise at least 10% of the total assets, liabilities, revenues, or expenditure/expenses for the relevant fund category (governmental funds or proprietary funds) and at least 5% of the corresponding total for all governmental and proprietary funds combined. In addition, a major fund could be a fund that does not meet these criteria but which we believe is important to present for the Council's financial statement users.

Management's Discussion and Analysis is also required supplementary information (RSI) by GASB Statement 34. However, it is presented as the first item in this reporting package and not with the other RSI by GASB Statement 34.

### **Other Supplementary Financial Information Required by GOEA and OMB Circular A-133**

The Council has also presented other required supplementary information in this report package.

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 49 to 51. This information will be used by GOEA to verify the accuracy of information the Council submitted to it during the year and to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

The Office of Management and Budget (OMB) through its Circular A-133 requires a Schedule of Expenditures of Federal Awards. This schedule will present required information about the Council's federally funded programs in a manner that can facilitate financial and compliance analysis by the agencies that have granted federal money to the Council.

## AN ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects condensed information on the Council's net assets:

	2006	2005
Cash	\$ 517,209	\$ 697,249
Other receivable	169,010	122,400
Grants and contracts receivable	399,446	20,468
Other current assets	90,495	52,976
Capital assets, net of depreciation	<u>8,686,064</u>	<u>5,545,866</u>
Total Assets	<u>9,862,224</u>	<u>6,438,959</u>
Line of credit	2,761,767	560,652
Other current liabilities	131,157	92,626
Notes payable - current	444,322	38,677
Compensated absences	19,673	20,950
Non-current liabilities	<u>944,053</u>	<u>1,311,933</u>
Total Liabilities	<u>4,300,972</u>	<u>2,024,838</u>
Invested in capital assets, net of related debt	4,536,574	3,634,604
Restricted	39,738	30,038
Unrestricted	<u>984,940</u>	<u>749,479</u>
Total Net Assets	<u>\$ 5,561,252</u>	<u>\$ 4,414,121</u>

As of June 30, 2006, the Council "as a whole" had assets exceeding liabilities by \$5,561,252.

The Council's unrestricted net assets increased by \$235,461 or 31% during the year. About 18% of the Council's net assets are unrestricted as of June 30, 2006. It is important that the Council have unrestricted net assets so that we will have resources available to adapt to changes in the economy, emergencies, unexpected needs, and reductions in or termination of grant revenues by government agencies.

The Council's restricted net assets have basically remained the same as the prior year. About 1% of Council's net assets are restricted. Net assets are reported as restricted when the constraints placed upon the asset's use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net assets that have been invested in capital assets are presented net of any related outstanding debt incurred to acquire them. Currently, the building improvements for Woodvale Place Apartments, the building related to Belle Rose Gardens and one piece of land are the only capital asset that have related outstanding debt associated with them.

The liability for compensated absences has not changed very much during the year. This liability represents what the Council would owe to its employees as of year-end for unused vacation leave. If employee vacation patterns are similar from year to year and if the number of employees remains about the same, then the amount owed at year-end will not change very much from year to year. This liability could adversely affect the Council's financial position if we were to have to lay off a significant portion of our workforce. This event would trigger the immediate payment of unused vacation to the terminated employees resulting in the Council having to use unrestricted net assets to make the payments.

The notes payable current-balance increased by \$405,645. The reason for this is due to two note payables taken out at the end of the year of approximately \$344,000 and \$26,000 related to the construction costs associated with Belle Rose Gardens. The non-current liabilities decreased \$368,000, which is attributable to the council redemption of a \$267,000 CD and applying it to the note on Woodvale Place Apartments. The line of credit also increased from \$560,562 to \$2,761,767. This is a line of credit also related to the construction costs of Belle Rose Gardens that has been totally drawn down as of June 30, 2006 but has not yet been converted to a long-term note payable.

The following table reflects condensed information on the Council's change in net assets:

	2006	2005
Revenues		
Program Revenues	\$ 3,952,566	\$ 2,732,326
General Revenues	<u>150,412</u>	<u>38,543</u>
Total Revenues	<u>4,102,978</u>	<u>2,770,869</u>
Direct Program Expenses of the Health, Welfare, and Social Services Function		
Supportative Services	159,767	167,846
Nutrition Services	223,142	209,788
Disease prevention and health promotion	5,107	1,144
National family caregiver support	8,405	9,567
Senior Community Employment Services	795,985	871,848
Senior Center - Recreation	13,796	17,357
Foster Gransparents Program	336,964	303,644
Broussard House	20,110	13,258
Elderly Housing Management	41,468	45,115
Family Caring Network	-	333
Community Base Program	933	926
Emergency Food and Shelter -- FEMA	16,409	9,177
Senior Olympics	14,852	22,060
Day Break	131,240	64,812
Transportation Option Management	3,071	24,526
Newspaper	40,866	38,435
Office Rental	33,655	29,706
Flu shot	14,511	1,754
Direct administrative expenses	364,163	335,892
Business Type Activities		
Woodvale Place Apartments	685,315	764,037
Belle Rose Gardens	<u>46,088</u>	<u>8,589</u>
Total expenses	<u>2,955,847</u>	<u>2,939,814</u>
	<u>\$ 1,147,131</u>	<u>\$ (168,945)</u>

The Council's total revenues increased by \$1,332,109 or 48% from last year.

The increase in program revenues of \$1,220,240 can be attributed to a couple of factors. The majority of the increase can be attributed to grant monies received of \$1,100,000 for the construction of Belle Rose Gardens. The increase can also be attributed to Medicaid Waiver funds being received in conjunction with the Day Break Adult Day Care Program. This was the first full year of the Program which noted an increase of \$89,500 in program revenues.

The increase in the general revenues of \$111,869 is attributable to the fact that a smaller portion of grants and contributions not restricted to specific programs were needed to supplement the various programs of the Council during the year. There was also an increase in revenues from miscellaneous revenue sources during the year.

Total expenses of the Council increased by \$16,033 or less than 1% from last year. The increase cannot be attributed to one particular program or fund. This is a net effect of increases and decreases in expenses in the various funds.

## **AN ANALYSIS OF GOVERNMENTAL ACTIVITIES**

Most of the Council's activities are funded by federal, state, and local grants. These grants amount to approximately 75% of the governmental activity related revenues of the Council in 2006 and 77% in 2005. Some of these grants are restricted which means that the money can only be used in certain programs. The amount of funds available from most of the grants remains rather constant from year to year, however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

The Council also receives donations from its clients and the general public. These revenues help to lessen the financial burden on the Council and allow it to maintain and expand services. Public support revenues represented 25% and 23% of the total governmental activity related revenues of 2006 and 2005, respectively.

The Council invests idle funds and is able to earn some interest on this money each year. The investment earnings are used or accumulated as necessary to meet expenses each year.

When reviewing the Government-Wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. The Council's largest activities are related to transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Lafayette Parish. There is a high demand for these services; therefore, resources are channeled to meeting the demand.

You will also note that most of the governmental activities have more expenses than revenues. We expect this situation to occur and have prepared the Council's budgets for these activities with this in mind. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities.

Another indication of how we are using money efficiently can be analyzed by comparing the amount of administration costs from year to year as well as calculating the percentage administration expenses bears in relation to total expenses. For 2006, total administration expenses were \$364,163, or 12.3% of total expenses. In comparison, total administration expenses for last year were \$335,892, or 11.4%. The amounts are comparable from year to year.

Finally, there are ten programs that have revenues greater than expenses for the year. First, revenues under the Disease Prevention and Health Promotion Services (III-D) and National Family Caregiver Support (III E) both exceeded expenses. The grants received for these programs can only be used to pay for costs in these programs. Depending on the number of units provided, the types of costs charged to these programs, and the amount of grant funds available to use in these programs, it is possible that some money earned under this grant may not be needed this year to help pay for all of the programs' costs. Any unused grant funds are recorded as a restricted net asset of the III D and III E programs and will be available for use next year, if necessary. The other six programs are the Senior Community Employment Services, Senior Center Recreation, Supplemental Senior Center, Community Base, United Givers, and Elderly Housing Management. Depending on the demand for and efficiency of the programs it is possible that some revenue received from these sources may not be needed this year to help pay for all the program's costs. Any unused revenue may be used to supplement other programs or carried over to the next year for future use.



## **AN ANALYSIS OF BUSINESS-TYPE ACTIVITIES**

The Council has two business-type related activities. The first, Woodvale Place Apartments, is an apartment complex which was contributed by the Louisiana Housing Finance Agency. The complex is managed and operated in accordance with the U.S. Department of Housing and Urban Development (HUD) provision requiring certain units in the complex to be maintained as housing for low and moderate income persons or families. The Council manages the complex for a fee which is used to supplement other programs of the Council related to meeting the needs of the elderly citizens of Lafayette Parish. Besides the management fees, rental income received is used to pay for all the other operating expenses of the complex. Any unused revenue at the end of the year may be used to supplement other programs or carried over to the next year for future use. Woodvale Place Apartments has net income of \$55,205 for the year ending June 30, 2006 as compared to a loss of \$93,006 in the prior year. The increase in net income of \$148,211 is due to the increase in monthly rental fees and a decrease in various expenses for the year ending June 30, 2006.

The second business type activity is Belle Rose Gardens. This is a housing facility which houses 60 very low to low-income elderly families. The facility is a special needs facility for the elderly and disabled. Construction on the facility was completed during the month of April, 2006 and the facility began operating in May 2006. Belle Rose Gardens reported net income of \$1,069,406 for the year ended June 30, 2006. The reason for this is due to grant monies received totaling \$1,100,000 during the year for construction costs related to the facility. Excluding grant revenues, Belle Rose Gardens had a loss from operations of \$30,594. This loss can be attributed to the fact that the facility just began operations in May of 2006 and has not yet begun to produce enough income to offset the initial operating costs and interest costs associated with the construction of the facility.

## **AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND FINANCIAL STATEMENTS**

### **Fund Balances**

The Council showed a combined governmental fund balance of \$138,665 (as shown on the Fund Financial Statement's balance sheet at page 17) at the end of this year, which is a increase of \$56,395 from last year.

After analyzing the various funds' revenues, expenditures, and transfers the majority of the increase in the overall governmental fund balance can be attributed to the following funds which incurred revenues in excess of expenditures in the following funds:

- General Fund had revenues in excess of expenditures of \$30,034.
- Title V Senior Aides Fund had revenues in excess of expenditures of \$13,849.
- Elderly Housing Management Fund had revenues in excess of expenditures of \$13,697.
- United Givers Fund had revenues in excess of expenditures of \$12,367.
- Day Break Fund had expenditures in excess of revenues of \$15,944.

Although some of the other funds also had revenues in excess of expenditures when you take into account transfers between other funds they did not contribute to the overall increase in the net assets of the Council.

The General Fund excess of revenues is partially attributable to the fact that the Council paid off \$41,118 in debt principal on the line of credit in the prior year and earned more revenue from flu shot vaccines in the current year. The other funds mentioned above simply had more revenues than expenditures earned from these programs.

### Revenues

The combined fund revenues increased \$304,766 this year from last year, or 15%. This increase is attributable to 1) the Foster Grandparents program received \$66,532 more in grant revenue this year, 2) grant revenue from the Department of Health and Hospitals of \$79,171 relating to the Day Break program not received in the prior year, 3) the Council noted an increase of \$28,873 this year from flu shot vaccinations, and 4) in-kind contributions exceeded prior year amount by \$49,030 this year.

### Expenditures

Total expenditures increased by \$171,428 this year, or 8%. Some of the notable reasons are as follows:

The expenditures related to the Foster Grandparents program and Day Break program increased by \$87,545 and \$66,429, respectively. This was expected in relation to the increase in revenue for these programs as discussed above.

## **AN ANALYSIS OF THE COUNCIL'S FUNDS USING PROPRIETARY FUND FINANCIAL STATEMENTS**

### Net Assets

The Council showed a combined proprietary fund net asset balance of \$5,056,096 at the end of the year which is an increase of \$1,124,611 versus last year. The increase can be attributed to the \$1,100,000 of grant funds received for the construction costs related to Belle Rose Gardens and an increase in net income associated with Woodvale Place Apartments due to the increase in charges for monthly rental of apartments and a decrease in expenses this year as compared to last.

### Revenues

Total operating revenue increased \$69,113 this year, or 10%. The reason for the increase is due to the fact that Woodvale Place Apartments increased their monthly rental charges for their apartments and Belle Rose Gardens began operations during the fiscal year ended June 30, 2006. Non-operating revenue increased \$1,110,729 this year. As mentioned above, this is attributed the \$1,100,000 grant funding received for the construction of Belle Rose Gardens.

### Expenses

Total operating expenses decreased by \$51,856 or 7.4%. Expenses associated with Woodvale Place Apartments decreased by \$69,200, or 10%. The majority of the decrease associated with Woodvale Place Apartments was due to some additional maintenance expenses incurred in fiscal year ended 2005 that did not reoccur during the fiscal year ended 2006. Operating expenses associated with Belle Rose Gardens increased from \$22,545 in the current year versus \$5,201 in the prior year due to the fact that they began operating in May 2006. Total interest expense increased by \$17,672 due the additional debt incurred this year related to the financing of Belle Rose Gardens.

## **AN ANALYSIS OF THE GENERAL FUND BUDGET**

You can find schedules of the original and amended budgets for the General Fund in the Supplementary Financial Information Required by GASB Statement 34 section of this report on page 46. When you review the budget versus actual schedule, you will note that the favorable and unfavorable variances are fairly reasonable.

## **AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of the fiscal year, the Council had \$8,686,064 in fixed assets net of accumulated depreciation. This represents a net increase of \$3,140,198 from last year.

The majority of the increase in fixed assets is related to the construction costs associated with Belle Rose Gardens.

The Council's major assets are its two housing complexes. Woodvale Apartment Complex including all the improvements which have been made, has a value of \$3,876,876 net of accumulated depreciation. The Council converted the line of credit which was used to finance building improvements to Woodvale to a long term note in the amount of \$1,331,970 during fiscal year ending June 30, 2005. Payments on this note began in the fiscal year ending June 30, 2006. The Council also established a line of credit to finance the construction costs for Belle Rose Gardens and which was also used to pay off the note on the land associated with Belle Rose Gardens. Currently, the line of credit has a balance of \$2,761,767. The line of credit has been completely drawn down as of June 30, 2006 and will be converted into a long term note payable in the next fiscal year. Along with this line of credit, the Council also took out two short-term notes, one in the amount of \$26,161 due August 28, 2006 and a second in the amount of \$344,132 due July 28, 2006. Both of these notes were also taken out to finance the construction costs associated with Belle Rose Gardens.

Lastly, the Council has a long term note financing the land associated with Broussard House which has a balance of \$17,540 at June 30, 2006. More details concerning the notes and lines of credit can be obtained from Notes 7 and 8 in the Notes to Financial Statements section of the financial report.

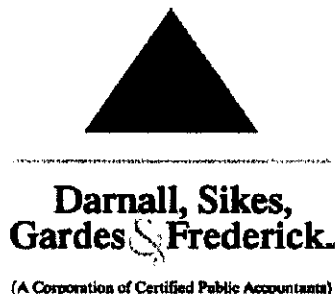
We have already discussed the nature and effects of the compensated absence liability.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for the fiscal year 2007, it was important that we deliver at least the same level of service to our clients and the public as we did in 2006. All of the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2006, except for the Senior Community Service Employment Fund (Title V), which will expire on October 31, 2006. There have been no significant changes to the funding levels or terms of the grants and contracts for the current programs, except for Title V as mentioned above. Accordingly, except for Title V, we have set our initial budget to provide the same programs and levels of service next year. GOEA has also approved the Council's budget for next year.

## **CONTACTING THE COUNCIL'S MANAGEMENT**

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Mrs. Clara LeBlanc-Burke, the Council's Executive Director, at the Council's main office located at 160 Industrial Parkway, Lafayette, LA, by phone at 337-262-5990.



Eugene H. Darnall, CPA, Retired 1990  
Paula D. Bihm, CPA, Deceased 2002

E. Larry Sikes, CPA, CVA, CFP™  
Danny P. Frederick, CPA  
Clayton E. Darnall, CPA, CVA  
Eugene H. Darnall, III, CPA  
Stephanie M. Higginbotham, CPA  
John P. Armato, CPA  
J. Stephen Gardes, CPA, CVA  
Jennifer S. Ziegler, CPA, CFP™  
Chris A. Miller, CPA, CVA  
Stephen R. Dischler, MBA, CPA  
Steven G. Moosa, CPA  
M. Rebecca Gardes, CPA  
Pamela Mayeux Bonin, CPA, CVA  
Joan B. Moody, CPA  
Erich G. Loewer, III, MTX, CPA  
Lauren F. Verrett, CPA

Kathleen T. Darnall, CPA  
Raegen D. Maggio, CPA  
Barbara A. Clark, CPA  
Michelle B. Bellard, CPA  
Jeremy C. Meaux, CPA  
Kevin S. Young, CPA  
Barbara Ann Watts, CPA  
Adam J. Curry, CPA  
Chad M. Bailey, CPA  
Carol C. Guillory, CPA  
Christy S. Dew, CPA  
Heather N. Clement, CPA  
Victoria M. LaPrairie, CPA  
Emily J. LeBoeuf, CPA  
Rachel W. Ashford, CPA

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Lafayette Council On Aging, Inc.  
Lafayette, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Lafayette Council On Aging, Inc., as of and for the year ended June 30, 2006, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Lafayette Council On Aging, Inc. as of June 30, 2006, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2006 on our consideration of the Lafayette Council On Aging, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

125 Rue Beauregard  
Lafayette, LA 70508  
Phone: 337.232.3312  
Fax: 337.237.3614

1231 E. Laurel Ave.  
Eunice, LA 70535  
Phone: 337.457.4146  
Fax: 337.457.5060

1201 Brashear Ave.  
Suite 301  
Morgan City, LA 70380  
Phone: 985.384.6264  
Fax: 985.384.8140

203 S. Jefferson Street  
Abbeville, LA 70510  
Phone: 337.893.5470  
Fax: 337.893.5470

Member of:  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

The management's discussion and analysis and budgetary comparison information on pages 1 through 9 and 45 through 47, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lafayette Council On Aging, Inc.'s basic financial statements. The schedule of nonmajor funds and comparative schedule of general fixed assets on pages 49 through 51 are presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Lafayette Council On Aging, Inc. The schedule of nonmajor funds, comparative schedule of general fixed assets and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana  
October 23, 2006

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

LAFAYETTE COUNCIL ON AGING, INC.

Government Wide Statement of Net Assets  
June 30, 2006

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 181,271	\$ 304,760	\$ 486,031
Cash - restricted	-	31,178	31,178
Accounts receivable	35,627	185,897	221,524
Grants and contracts receivable	28,593	370,853	399,446
Internal balances	(38,359)	38,359	-
Prepaid expenses	317	32,064	32,381
Other assets	5,600	-	5,600
Capital assets, net of accumulated depreciation	<u>403,704</u>	<u>8,282,360</u>	<u>8,686,064</u>
Total Assets	<u>616,753</u>	<u>9,245,471</u>	<u>9,862,224</u>
<b>LIABILITIES</b>			
Accounts payable	28,709	25,595	54,304
Tenants' deposits - payable from restricted cash	-	31,178	31,178
Accrued payroll and related benefits payable	45,675	-	45,675
Line of credit	-	2,761,767	2,761,767
Accrued compensated absences	19,673	-	19,673
Notes payable:			
Current portion	17,540	426,782	444,322
Non-current portion	<u>-</u>	<u>944,053</u>	<u>944,053</u>
Total Liabilities	<u>111,597</u>	<u>4,189,375</u>	<u>4,300,972</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of debt	386,164	4,150,410	4,536,574
Restricted for:			
Project care	8,321	-	8,321
Title III C-1, III D & III E	11,834	-	11,834
Miles for meals	13,666	-	13,666
Meals for elderly	5,600	-	5,600
Prepaid expenses	317	32,064	32,381
Unrestricted	<u>79,254</u>	<u>873,622</u>	<u>952,876</u>
Total Net Assets	<u>\$ 505,156</u>	<u>\$ 5,056,096</u>	<u>\$ 5,561,252</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE COUNCIL ON AGING, INC.

Government Wide Statement Of Activities  
Year Ended June 30, 2006

	Direct Expenses	Indirect Expenses
<b>Function/Programs</b>		
<b>Governmental Activities</b>		
<b>Health, Welfare &amp; Social Services:</b>		
Supportive Services:		
Homemaker	\$ 79,620	\$ 10,609
Information and assistance	28,871	3,847
Outreach	611	81
Transportation	50,665	6,750
Nutrition Services:		
Congregate meals	32,425	4,553
Nutrition education	645	91
Home delivered meals	190,072	26,439
Disease Prevention and Health Promotion	5,107	252
National Family Caregiver Support:		
Outreach	953	141
Information and assistance	6,966	1,033
Public education	486	72
Senior Community Employment Services	795,985	-
Senior Center - Recreation	13,796	26,474
Foster Grandparent Program	336,964	81,882
Broussard House	20,110	-
Elderly Housing Management	41,468	-
Community Base Program	933	-
Emergency Food and Shelter -- FEMA	16,409	-
Senior Olympics	14,852	-
Day Break	131,240	-
Transportation Option Management	3,071	-
Newspaper	40,866	-
Office Rental	33,655	-
Flu Shot	14,511	-
<b>Administration</b>	<u>364,163</u>	<u>(162,224)</u>
Total governmental activities	<u>2,224,444</u>	<u>-</u>
<b>Business Type Activities</b>		
Woodvale Place Apartments	685,315	-
Belle Rose Gardens	<u>46,088</u>	<u>-</u>
Total business type activities	<u>731,403</u>	<u>-</u>



Program Revenues			Net (Expense) Revenue and Increases (Decreases) in Net Assets		Total
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	
\$ 4,597	\$ 63,764	\$ -	\$ (21,868)	\$ -	\$ (21,868)
-	24,987	-	(7,731)	-	(7,731)
-	3,635	-	2,943	-	2,943
6,647	35,761	-	(15,007)	-	(15,007)
-	36,769	-	(209)	-	(209)
-	-	-	(736)	-	(736)
49,206	52,165	-	(115,140)	-	(115,140)
-	7,232	-	1,873	-	1,873
-	1,085	-	(9)	-	(9)
-	8,917	-	918	-	918
-	1,065	-	507	-	507
-	809,834	-	13,849	-	13,849
-	-	-	(40,270)	-	(40,270)
-	417,331	-	(1,515)	-	(1,515)
8,841	5,412	-	(5,857)	-	(5,857)
112,597	-	-	71,129	-	71,129
1,170	-	-	237	-	237
-	10,344	-	(6,065)	-	(6,065)
12,382	-	-	(2,470)	-	(2,470)
115,296	-	-	(15,944)	-	(15,944)
2,511	-	-	(560)	-	(560)
53,744	-	-	12,878	-	12,878
36,237	-	-	2,582	-	2,582
30,852	-	-	16,341	-	16,341
-	201,939	-	-	-	-
<u>434,080</u>	<u>1,680,240</u>	<u>-</u>	<u>(110,124)</u>	<u>-</u>	<u>(110,124)</u>
616,007	106,806	-	-	37,498	37,498
<u>15,433</u>	<u>-</u>	<u>1,100,000</u>	<u>-</u>	<u>1,069,345</u>	<u>1,069,345</u>
<u>631,440</u>	<u>106,806</u>	<u>1,100,000</u>	<u>-</u>	<u>1,106,843</u>	<u>1,106,843</u>
General Revenues:					
Grants and contributions not restricted to specific programs			122,891	-	122,891
Unrestricted Investment Income			-	17,768	17,768
Miscellaneous			<u>9,753</u>	<u>-</u>	<u>9,753</u>
Total general revenues, transfers and special items			<u>132,644</u>	<u>17,768</u>	<u>150,412</u>
Increase in net assets			22,520	1,124,611	1,147,131
Net assets - beginning of the year			<u>482,636</u>	<u>3,931,485</u>	<u>4,414,121</u>
Net assets - end of the year			<u>\$ 505,156</u>	<u>\$ 5,056,096</u>	<u>\$ 5,561,252</u>

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

**LAFAYETTE COUNCIL ON AGING, INC.**

**Balance Sheet  
Governmental Funds  
June 30, 2006**

	<u>General Fund</u>	<u>Title V Senior Aides</u>	<u>Foster Grandparents</u>	<u>Non-Major Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash	\$ 73,766	\$ 106,729	\$ 233	\$ 543	\$ 181,271
Prepaid expenditures	317	-	-	-	317
Accounts receivable	21,446	1,457	-	12,724	35,627
Grants and contracts receivable	-	-	-	28,593	28,593
Due from other funds	67,634	-	-	48,352	115,986
Other assets	<u>5,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,600</u>
Total Assets	<u>\$ 168,763</u>	<u>\$ 108,186</u>	<u>\$ 233</u>	<u>\$ 90,212</u>	<u>\$ 367,394</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 6,131	\$ 22,138	\$ -	\$ 440	\$ 28,709
Accrued payroll and related benefits payable	7,610	33,049	-	5,016	45,675
Due to other funds	<u>48,352</u>	<u>4,985</u>	<u>4,895</u>	<u>96,113</u>	<u>154,345</u>
Total Liabilities	<u>62,093</u>	<u>60,172</u>	<u>4,895</u>	<u>101,569</u>	<u>228,729</u>
<b>FUND BALANCES</b>					
Reserved for future expenditures	39,738	-	-	-	39,738
Unreserved/Designated	5,158	-	-	-	5,158
Unreserved/Undesignated:					
General Fund	61,774	-	-	-	61,774
Special Revenue Fund	<u>-</u>	<u>48,014</u>	<u>(4,662)</u>	<u>(11,357)</u>	<u>31,995</u>
Total Fund Balances	<u>106,670</u>	<u>48,014</u>	<u>(4,662)</u>	<u>(11,357)</u>	<u>138,665</u>
Total Liabilities and Fund Balances	<u>\$ 168,763</u>	<u>\$ 108,186</u>	<u>\$ 233</u>	<u>\$ 90,212</u>	

Amounts reported for governmental activities in the statement of net assets are difference because:

- Compensated absences are not paid for out of current financial resources and therefore are not reported in the funds (19,673)
- Principal payments on notes payable are not paid for out of current financial resources and therefore are not reported in the funds (17,540)
- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 403,704

Net assets of governmental activities \$ 505,156

The accompanying notes are an integral part of this statement.

LAFAYETTE COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2006

	General Fund	Title V Senior Aides	Foster Grandparents	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>					
Intergovernmental:					
Governor's Office of Elderly Affairs	\$ 32,570	\$ -	\$ 18,110	\$ 91,614	\$ 142,294
Cajun Area Agency on Aging, Inc.	-	-	-	235,380	235,380
Corporation for National and Community Service	-	-	399,221	-	399,221
Senior Services of America, Inc.	-	773,798	-	-	773,798
Department of Health and Hospitals	-	-	-	79,171	79,171
United Way of Acadiana	-	-	-	70,590	70,590
FEMA - Emergency Fund	-	-	-	10,344	10,344
Program Service Fees:					
Transportation	-	-	-	6,647	6,647
Homemaker	-	-	-	4,597	4,597
Home delivered meals	-	-	-	49,206	49,206
Local and miscellaneous:					
Parish council	41,412	-	-	-	41,412
Office rental	36,237	-	-	-	36,237
Newspaper	53,744	-	-	-	53,744
Flu shots	30,852	-	-	-	30,852
Project care	16,037	-	-	-	16,037
City of Scott	5,600	-	-	-	5,600
Miles for meals	2,370	-	-	-	2,370
Fundraising	23,554	-	-	-	23,554
Foundation on Aging	30,000	-	-	-	30,000
Donations	5,000	-	-	-	5,000
Management fees	-	-	-	112,597	112,597
Transportation fares	-	-	-	2,511	2,511
Rental income	-	-	-	8,841	8,841
Miscellaneous	9,753	36,036	-	61,178	106,967
In-kind Contributions	-	103,353	50,289	-	153,642
Total Revenues	<u>287,129</u>	<u>913,187</u>	<u>467,620</u>	<u>732,676</u>	<u>2,400,612</u>
<b>EXPENDITURES</b>					
Health, Welfare, & Social Services					
Current:					
Personnel	78,241	667,342	61,643	407,322	1,214,548
Fringe	11,505	57,165	9,324	46,019	124,013
Travel	1,498	9,009	4,206	47,344	62,057
Operating Services	61,826	40,158	12,352	138,153	252,489
Operating Supplies	16,394	2,291	4,076	43,665	66,426
Other Costs	87,631	20,020	327,246	29,867	464,764
Capital Outlays	-	-	-	3,890	3,890
Debt Service -					
Principal	-	-	-	1,101	1,101
Interest	-	-	-	1,287	1,287
In-kind	-	103,353	50,289	-	153,642
Total Expenditures	<u>257,095</u>	<u>899,338</u>	<u>469,136</u>	<u>718,648</u>	<u>2,344,217</u>
Excess (deficiency) of revenues over expenditures	<u>30,034</u>	<u>13,849</u>	<u>(1,516)</u>	<u>14,028</u>	<u>56,395</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	59,325	-	-	157,993	217,318
Transfers out	(40,940)	-	-	(176,378)	(217,318)
Total other financing sources and uses	<u>18,385</u>	<u>-</u>	<u>-</u>	<u>(18,385)</u>	<u>-</u>
Net Increase (Decrease) in fund balances	48,419	13,849	(1,516)	(4,357)	56,395
<b>FUND BALANCES</b>					
Beginning of the year	<u>58,251</u>	<u>34,165</u>	<u>(3,146)</u>	<u>(7,000)</u>	<u>82,270</u>
End of the year	<u>\$ 106,670</u>	<u>\$ 48,014</u>	<u>\$ (4,662)</u>	<u>\$ (11,357)</u>	<u>\$ 138,665</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE COUNCIL ON AGING, INC.

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2006

Net Increase in fund balances - total governmental funds	\$ 56,395
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$40,143) exceed capital outlays (\$3,890) during the period	(36,253)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Compensated absences	1,277
Governmental funds report principal payments on debt as expenditures. However, in the statement of activities these payments are recorded as a reduction of the note payable	<u>1,101</u>
Increase in net assets of governmental activities	<u>\$ 22,520</u>

The accompanying notes are an integral part of this statement

LAFAYETTE COUNCIL ON AGING, INC.

Statement of Net Assets  
Proprietary Funds  
June 30, 2006

	Woodvale Place Apartments	Belle Rose Gardens	Total
<b>ASSETS</b>			
Cash	\$ 284,552	\$ 20,208	\$ 304,760
Cash - restricted deposits	23,928	7,250	31,178
Accounts receivable	185,897	-	185,897
Grants receivable	-	370,853	370,853
Due from other Funds	65,668	-	65,668
Prepaid expenses	32,064	-	32,064
Capital assets, net of accumulated depreciation	<u>4,447,541</u>	<u>3,834,819</u>	<u>8,282,360</u>
Total Assets	<u>5,039,650</u>	<u>4,233,130</u>	<u>9,272,780</u>
<b>LIABILITIES</b>			
Accounts payable	-	25,595	25,595
Tenants' deposits - payable from restricted cash	23,928	7,250	31,178
Due to other funds	-	27,309	27,309
Line of credit	-	2,761,767	2,761,767
Notes payable:			
Current portion	56,489	370,293	426,782
Non-current portion	<u>944,053</u>	<u>-</u>	<u>944,053</u>
Total Liabilities	<u>1,024,470</u>	<u>3,192,214</u>	<u>4,216,684</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of debt	3,446,999	703,411	4,150,410
Restricted	32,064	-	32,064
Unrestricted	<u>536,117</u>	<u>337,505</u>	<u>873,622</u>
Total Net Assets	<u>\$ 4,015,180</u>	<u>\$ 1,040,916</u>	<u>\$ 5,056,096</u>

The accompanying notes are an integral part of this statement

LAFAYETTE COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures and Changes in Fund Net Assets  
Proprietary Funds  
Year Ended June 30, 2006

	Woodvale Place Apartments	Belle Rose Gardens	Total
<b>OPERATING REVENUES:</b>			
Rental income	\$ 679,020	\$ 14,533	\$ 693,553
Other income	<u>43,793</u>	<u>900</u>	<u>44,693</u>
Total operating revenue	<u>722,813</u>	<u>15,433</u>	<u>738,246</u>
<b>OPERATING EXPENSE</b>			
Rental	6,940	3,759	10,699
Administrative	144,689	13,184	157,873
Operating	60,860	960	61,820
Maintenance	199,704	3,287	202,991
Depreciation	153,118	-	153,118
Taxes and insurance	<u>55,626</u>	<u>1,355</u>	<u>56,981</u>
Total operating expenses	<u>620,937</u>	<u>22,545</u>	<u>643,482</u>
Operating income (loss)	101,876	(7,112)	94,764
<b>NONOPERATING REVENUE (EXPENSES)</b>			
Intergovernmental	-	1,100,000	1,100,000
Interest income	17,707	61	17,768
Interest expense	<u>(64,378)</u>	<u>(23,543)</u>	<u>(87,921)</u>
Total nonoperating revenue (expenses)	<u>(46,671)</u>	<u>1,076,518</u>	<u>1,029,847</u>
Change in net assets	55,205	1,069,406	1,124,611
Net assets, beginning	<u>3,959,975</u>	<u>(28,490)</u>	<u>3,931,485</u>
Net assets, ending	<u>\$ 4,015,180</u>	<u>\$ 1,040,916</u>	<u>\$ 5,056,096</u>

The accompanying notes are an integral part of this statement

LAFAYETTE COUNCIL ON AGING, INC.

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2006

	Woodvale Place Apartments	Belle Rose Gardens	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from tenants	\$ 722,366	\$ 22,683	\$ 745,049
Selling and administrative expenses paid	(355,825)	(20,230)	(376,055)
Cash paid to suppliers	(60,860)	(1,355)	(62,215)
Taxes and insurance paid	(57,337)	(960)	(58,297)
Net cash provided by operating activities	<u>248,344</u>	<u>138</u>	<u>248,482</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Subsidies from federal grants	-	729,148	729,148
Advances from other funds	-	26,118	26,118
Advances to other funds	(37,909)	-	(37,909)
Net cash provided (used) by noncapital financing activities	<u>(37,909)</u>	<u>755,266</u>	<u>717,357</u>
<b>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</b>			
Interest paid on capital debt	(64,378)	(23,543)	(87,921)
Acquisition and construction of fixed assets	(27,958)	(3,276,017)	(3,303,975)
Repayment of notes payable	(331,427)	-	(331,427)
Proceeds from notes payable	-	2,571,408	2,571,408
Net cash used by capital and capital related financing activities	<u>(423,763)</u>	<u>(728,152)</u>	<u>(1,151,915)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	17,707	61	17,768
Payments received from various housing developments	16,179	-	16,179
Receivables issued to various housing developments	(78,448)	-	(78,448)
Net cash provided (used) by investing activities	<u>(44,562)</u>	<u>61</u>	<u>(44,501)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(257,890)	27,313	(230,577)
<b>CASH AND CASH EQUIVALENTS, beginning</b>	<u>566,370</u>	<u>145</u>	<u>566,515</u>
<b>CASH AND CASH EQUIVALENTS, ending</b>	<u>\$ 308,480</u>	<u>\$ 27,458</u>	<u>\$ 335,938</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	<u>101,876</u>	<u>(7,112)</u>	<u>94,764</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	153,118	-	153,118
Increase in accounts receivable	(816)	-	(816)
Increase in due to other funds	-	-	-
Increase in prepaid expenses	(1,711)	-	(1,711)
(Decrease) increase in accounts payable	(4,492)	-	(4,492)
Increase in tenants' deposits	369	7,250	7,619
Total adjustments	<u>146,468</u>	<u>7,250</u>	<u>153,718</u>
Net cash provided by operating activities	<u>\$ 248,344</u>	<u>\$ 138</u>	<u>\$ 248,482</u>

The accompanying notes are an integral part of this statement



LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of the Council on Aging

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in Lafayette Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish; to provide for a mutual exchange of ideas and information on the parish and state level; to conduct public meetings to make recommendations for needed improvements and additional resources; to promote the welfare of aging people when requested to do so; to coordinate and monitor services of other local agencies serving the aging people of the parish; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA) other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

Specific services provided by the Council to the elderly residents of Lafayette Parish include providing congregate and home delivered meals, nutritional education, personal care, information and assistance, outreach, material aid, home repairs, utility assistance, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

B. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. However, before the council on aging can begin operations in a specific parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to LA R.S. 46:1602. The functions of each council on aging in Louisiana must comply with the objectives of state laws and each council is governed by the policies and regulations established by GOEA.

The Lafayette Council On Aging, Inc. is a legally separate, non-profit, quasi-public corporation. It received its charter and began operations on November 9, 1965.

A board of directors, consisting of 14 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Membership in the Council is open at all times, without restriction, to all residents of Lafayette Parish who have reached the age of majority and who express an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, the Lafayette Council on Aging, Inc. is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in GASB Codification Section 2100, the Council has presented its financial statements as a primary government, because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement 14, the term fiscally independent means that the Council may, without approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. As previously mentioned, GOEA establishes the policies and regulations that all councils must follow. Included in its policies is a provision that the Council's budget be approved by GOEA. However, this approval process is part of GOEA's general oversight responsibility for the Council and is more ministerial or compliance oriented than substantive.

Accordingly, the Council is viewed as being fiscally independent for purposes of applying the reporting entity criteria of GASB Statement 14.

C. Presentation of Statements

The Council's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Council has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds.

D. Basic Financial Statements - Government-Wide Statements

The Council's basic financial statements include both Government-Wide (reporting the Council as a whole) and fund financial statements (reporting the Council's major funds). Both the Government-Wide and Fund Financial Statements categorize primary activities as either governmental or business type. All of the Council's functions and programs have been classified as governmental activities except for activities related to Woodvale Place Apartments and Belle Rose Gardens which are categorized as business-type. The Council does not have any fiduciary funds or any component units that are fiduciary in nature. Accordingly, the Government-Wide financial statements do not include any of these activities or funds.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the Government-Wide Statement of Net Assets, the governmental type activities column and business-type activities column (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net assets consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net assets include all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Quite often unrestricted resources are available for use that must be consumed or they will have to be returned to GOEA. In such cases it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, the Council will depart from its usual policy of using restricted resources first.

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted investment income, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as operating and capital grants and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Council allocates its indirect costs among various functions and programs in accordance with Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect cost allocation." In addition, GOEA provides grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA funds are allocated to the Council's other functions and programs.

The Government-Wide Statements focus upon the Council's ability to sustain operations and the change in its net assets resulting from the current year's activities.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Council are reported in individual funds in the Fund Financial Statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The various funds of the Council are classified into two categories: governmental and propriety. The emphasis on fund financial statements is on major governmental and enterprise funds. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures/expenses are at least 10% of the corresponding total for all funds of that category or type and at least 5% of the corresponding total for all governmental and proprietary funds combined. In addition, a major fund could be a fund that does not meet these criteria but which management believe is important to present as such for the financial statement users.

The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

The following is a description of the governmental funds of the Council:

**The General Fund** is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.

Included in the General Fund are the PCOA and various other local programs. The following is a brief description of each of these programs:

PCOA (Act 735) funds are appropriated for the Governor's Office of Elderly Affairs by the Louisiana Legislature for remittance to the Council. The Council may use the "Act 735" funds at its discretion provided the program is benefiting people who are least 60 years old.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Newspaper Fund is used to account for the revenues and expenditures associated with the newsletter published by the Lafayette Council on Aging, Inc.

The Office Rental Fund is used to account for the revenues and expenditures associated with the rental of extra office space owned by the Lafayette Council on Aging, Inc. to third parties.

The Flu Shot Fund is used to account for the revenues and expenditures associated with the administering of flu shots. Medicare reimburses the Council for those individuals that qualify.

The Other Services – Local Fund is used to account for indirect costs and the revenues from the various programs used to pay these indirect costs.

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

The Council has established several special revenue funds. The following is a brief description of each special revenue fund's purpose:

Major Special Revenue Funds

**The Senior Community Service Employment Fund (Title V)** is used to account for funds which are used to provide, foster, and promote useful training for work opportunities in community service activities for low-income persons who are 55 years old and older. These funds are provided by the United States Department of Labor through the Senior Service America, which in turn "passes through" the funds to the Council.

**The Foster Grandparents Fund** is used to account for federal funds, which are provided directly by the Corporation for National Service and state funds which are provided directly the Louisiana Governor's Office of Elderly Affairs to pay for the expenses incurred by low-income, senior citizens, age 60 and over, who have volunteered their time to assist in providing companionship and guidance for physically and mentally handicapped children and children who have been abused and neglected in the juvenile justice system, or have other special needs.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Major Special Revenue Funds

**The Title III B Fund** is used to account for funds, which are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for defining a qualifying unit of service for each Title III program. Specific supportive social services, along with the number of units provided during the fiscal year, are as follows:

	<u>Units</u>
Information and assistance	1,783
Outreach	335
Homemaker	7,103
Transportation for people age 60 or older	3,580

**The Title III C-1 Fund** is used to account for funds that are used to provide nutritional, congregate meals to the elderly in strategically located centers. During the fiscal year, the Council served 12,918 congregate meals to people eligible to participate in this program. In addition to meals serviced, the Council also provided 357 units of nutritional education to eligible participants.

**The Title III C-2 Fund** is used to account for funds that are used to provide nutritional meals to homebound older persons. Using Title III C-2 funds the Council served 124,790 meals during the year to people eligible to participate in this program.

**The Title III D Fund** is used to account for funds that are used for disease prevention and health promotion activities. During the year 3,711 units of wellness service and 181 units of medication management were provided to eligible participants in this program.

**The Title III E Fund** is used to account for funds that are used to provided services, such as: (1) information to caregivers about available services, (2) assistance to caregivers in gaining access to the services, (3) individual counseling, (4) organizational support groups, (5) caregiver training to caregivers in making decisions and solving problems relating to their care giving roles, (6) respite care to enable caregivers to be temporarily relieved from their care giving responsibilities, and (7) supplemental services, on a limited basis, to complement the care provided by caregivers. The number of units provided under Title III E are as follows:

	<u>Units</u>
Information and assistance	502
Outreach	79
Public Education	83

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**The Senior Center Fund** is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide a community service center at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council operates four senior centers in Lafayette Parish, Louisiana. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly.

**The Supplemental Senior Center Fund** was established to account for funds that were appropriated by the Louisiana Legislature for the various councils on aging throughout Louisiana to supplement each council's primary grant for senior center operations and activities. The Lafayette Council On Aging, Inc. was one of the parish councils to receive a supplemental grant of \$3,825. The money received by this fund during the year was transferred to the Title III B Fund to supplement the supportive services provided by this fund. GOEA provided these funds to the Council.

**The Broussard House Fund** is used to report the activity of a facility operated by the Council for the Senior Center and other community activities.

**The United Givers Fund** is used to report assistance received from the community's regular United Appeals activity. The funds are received upon application to the United Givers Agency and are subject to reporting to, and monitoring by, that Agency.

**The Elderly Housing Management Fund** represents management fees and expenditures relating to the management of Beau Sejour Estates (a retirement community) along with management fees and expenditures of Woodvale Place Apartments (Section 8 HUD housing).

**The Family Caring Network Case Management Fund** is used to account for revenues received from Life Plans, Inc. and is to be used for the purpose of assisting elderly and disabled persons in identifying and locating appropriate service providers capable of addressing their health and other aging and disability related problems.

**The FEMA Fund** is used to account for the administration of a Disaster Assistance Program whose purpose is to supplement food and shelter assistance to individuals who might currently be receiving assistance, as well as to assist those who are not. Funds are provided by the Federal Emergency Management Agency through the United Way of Acadiana, which in turn "passes through" the funds to the Council.

**The Community Base Program Fund** is used to account for revenues and expenditures associated with the Council providing homemaker services to the elderly of the parish who are on the waiting list for the services provided by the Council. Revenue is received from the person utilizing the services.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**The Day Break Fund** is used to account for revenues and expenditures related to providing respite services to caregivers of rail or memory impaired persons while also giving those persons the chance to engage in simple and social recreational activities in a safe and caring environment.

**The Transportation Fund** is used to account for the revenues and expenditures associated with the Council providing transportation services related to the various programs of the Council.

**The Senior Olympics Fund** is used to account for the revenues and expenditures associated with the Senior Olympics fundraising event.

The proprietary funds are accounted for on the economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The government applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund type:

**The Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to a private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Council operates Woodvale Place Apartments and Belle Rose Gardens as enterprise funds. Both of these funds were considered major for the year ended June 30, 2006.

F. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis – Government-Wide Financial Statements (GWFS):

The Statement of Net Assets and the Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis – Fund Financial Statements (FFS):

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified



LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

G. Interfund Activity

Interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers represent a permanent reallocation of resources between funds. Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net assets in the Government-Wide Financial Statements.

H. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

I. Investments

GASB Statement 31 requires the Council to report its investments at fair value, except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors.

Investments that include securities traded on a national or international exchange are valued based on their last reported sales price. Investments that do not have an established market are reported at estimated fair value.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capitalized Interest

The Company capitalizes interest as a component of construction costs related to Belle Rose Gardens housing development. Total interest expense incurred for fiscal year ending June 30, 2006 was \$193,172. Of this amount \$103,964 was capitalized and the remainder was expensed.

K. Prepaid Expenses/Expenditures

Prepaid expenses include amounts paid for services in advance. These are shown as assets on the Government-Wide Statement of Net Assets.

In the Fund Financial Statements, the Council has elected not to include amounts paid for future services as expenditures until those services are consumed to comply with the cost reimbursement terms of grant agreements. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the Fund Financial Statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

L. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Assets. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Building and improvements	40 years
Equipment	5-7 years
Vehicles	5 years
Computers	3 years

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Unpaid Compensated Absences

The Council's policy allows full time employees to carry forward 30 days of unused sick leave and 10 days of annual leave beyond the fiscal year end. Full-time employees earn 7.5 hours of sick leave and between 7.5 and 12.5 hours depending on years of employment of annual leave per month. An employee may be paid for 10 days unused annual leave and any compensatory time accumulated upon separation. Accordingly, a liability for the unpaid vacation leave has been recorded in the Government-Wide Statements. Management has estimated the current and long-term portions of this liability based on historical trends. The amount accrued as the compensated absence liability was determined using the number of vested vacation hours for each employee multiplied by the employee's wage rate in effect at the end of the year. An amount is added to this total for social security and medicare taxes.

In contrast, the governmental funds in the Fund Financial Statements report only compensated absence liabilities that are payable from expendable available financial resources to the extent that the liabilities mature (or come due for payment). Vacation leave does not come due for payment until an employee makes a request to use it or terminates employment with the Council. Accordingly, no amounts have been accrued as fund liabilities as of year-end in the Fund Financial Statements. The differences in the methods of accruing compensated absences creates a reconciling item between the fund and government-wide financial statement presentations.

The Council's sick leave policy does not provide for the vesting of sick leave thereby requiring the employee to be paid for any unused leave upon termination of employment. Accordingly, no amounts have been accrued as unpaid compensated absences in the Government-Wide Financial Statements relative to sick leave.

N. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the Administration function. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect cost allocation according to their grant or contract limitations.

O. Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Q. Deferred Revenues

The Council reports deferred revenues on its Statement of Net Assets and on the balance sheet of the Fund Financial Statements. Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

NOTE 2 REVENUE RECOGNITION

Revenues are recorded in the Government-Wide Statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the Fund Financial Statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

The Older American Act of 1965 Title III programs operate under a performance based contract. Title III program revenue is earned by the Council based on the units of service provided within the guidelines of the related program.

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

NOTE 3 CASH

The Council maintains a consolidated bank account that is available for use by all funds other than those required to maintain separate accounts. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH (Continued)

At year-end, the carrying amount of the Council's cash balances on the books was \$517,209, whereas the related bank cash balances totaled \$602,778. The difference in the book and bank balances for cash relates primarily to deposits made and checks written which did not clear the bank accounts by year-end.

GASB Statement 3 categorizes deposits into three categories of credit risk:

1. Insured by FDIC or collateralized with securities held by the Council or by its agent in the Council's name. (Category 1)
2. Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Council's name. (Category 2)
3. Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Council's name; or collateralized with no written or approved collateral agreement. (Category 3)

Bank balances of \$400,000 were covered by federal depository insurance and accordingly, are classified as a "Category 1" credit risk in accordance with GASB Statement 3. The remaining bank balances of \$202,778 are collateralized with securities pledged and are classified as a "Category 3" credit risk.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a legal requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Council that the fiscal agent has failed to pay deposited funds upon demand.

Under state law, all bank deposits must be (1) secured by federal deposit insurance or by the pledge of securities owned by the fiscal agent bank, or (2) invested exclusively in instruments backed by the U.S. government. The fair value of the pledged securities plus the federal deposit insurance must always equal or exceed the amount on deposit with the fiscal agent.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2006 consist of the following:

	General	Special Revenue	Proprietary
Elderly housing projects	\$ 7,087	\$ 4,491	\$ 184,669
Lafayette Parish Council	8,488	-	-
Newspaper customers	2,985	-	-
Tenants	-	-	1,228
Other	2,886	9,690	-
	<u>\$ 21,446</u>	<u>\$ 14,181</u>	<u>\$ 185,897</u>

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 GRANTS AND CONTRACTS RECEIVABLE

Government grants and contracts receivable at year-end, consist of reimbursements for expenses incurred under the following programs:

<u>Program</u>	<u>Fund</u>	<u>Provider</u>	<u>Amount</u>
<u>Governmental Funds</u>			
Social Services	III B	CAAA	\$ 14,023
Congregate Meals	III C-1	CAAA	5,735
Home Delivered Meals	III C-2	CAAA	6,441
Disease Prevention	III D	CAAA	678
Caregivers	III E	CAAA	<u>1,716</u>
			28,593
<u>Proprietary Funds</u>			
Elder Housing	Belle Rose Gardens	LHFA	<u>370,853</u>
			<u>\$ 399,446</u>

NOTE 6 CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance 07-01-05</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06-30-06</u>
<b>Capital Assets</b>				
Land	\$ 831,951	\$ 26,161	\$ -	\$ 858,112
Furniture & equipment	126,520	34,560	(5,740)	155,340
Building	3,717,924	3,713,015	-	7,430,939
Building improvements	1,593,849	-	-	1,593,849
Construction in progress	440,275	-	(440,275)	-
Vehicles	<u>182,065</u>	<u>-</u>	<u>-</u>	<u>182,065</u>
Subtotal	<u>6,892,584</u>	<u>3,773,736</u>	<u>(446,015)</u>	<u>10,220,305</u>
<b>Accumulated depreciation</b>				
Land	-	-	-	-
Furniture & equipment	114,231	30,842	(5,740)	139,333
Building	1,026,566	140,948	-	1,167,514
Building improvements	83,486	1,400	-	84,886
Construction in progress	-	-	-	-
Vehicles	<u>122,435</u>	<u>20,073</u>	<u>-</u>	<u>142,508</u>
Subtotal	<u>1,346,718</u>	<u>193,263</u>	<u>(5,740)</u>	<u>1,534,241</u>
Net capital assets	<u>\$ 5,545,866</u>	<u>\$ 3,580,473</u>	<u>\$ (440,275)</u>	<u>\$ 8,686,064</u>

Depreciation was charged to governmental activities as administration expense.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 LINE OF CREDIT

The Council has a line of credit at June 30, 2006 consisting of the following:

Proprietary funds

Line of credit to Iberia Bank in the original amount of \$2,761,767, dated February 28, 2005, due August 28, 2006, bearing interest at 6.0%, secured by real estate

\$ 2,761,767

NOTE 8 CHANGES IN LONG-TERM DEBT

The Council had long-term debt relating to compensated absences and two notes payable for the year ended June 30, 2006. The following is a schedule of the changes in long-term debt for the accrued compensated absences as well as the notes payable:

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
Accrued annual leave	\$ 20,950	\$ -	\$ 1,277	\$ 19,673
Notes payable	<u>1,350,610</u>	<u>370,293</u>	<u>332,528</u>	<u>1,388,375</u>
Total long-term debt	<u>\$ 1,371,560</u>	<u>\$ 370,293</u>	<u>\$ 333,805</u>	<u>\$ 1,408,048</u>

Notes payable at June 30, 2006, are comprised of the following:

Governmental funds

Note payable to Iberia Bank in the original amount of \$22,000, payable in 59 monthly installments of \$199 and one final payment of \$17,260, including interest at 7% per annum, collateralized by land

\$ 17,540

Proprietary funds

Note payable to Iberia Bank in the original amount of \$1,331,970, dated June 16, 2005, payable in 59 monthly installments of \$9,361 and one final payment of \$1,135,696, including interest at 5.68% per annum, collateralized by a building

1,000,542

Note payable to Iberia Bank in the original amount of 26,161, dated August 30, 2005, payable in full on August 28, 2006, including interest at 3.84% per annum, collateralized by a Certificate of Deposit

26,161

Total brought forward

1,026,703

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 CHANGES IN LONG-TERM DEBT (Continued)

Total carried forward	\$ 1,026,703
Note payable to Iberia Bank in the original amount of \$344,132, dated May 18, 2006, payable in full on July 28, 2006, including interest at 6% per annum, collateralized by real estate	<u>344,132</u> <u>1,370,835</u>
	<u>\$ 1,388,375</u>

The annual requirements to amortize all debt outstanding at June 30, 2006, including interest payments of \$203,358 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 464,175	\$ 56,353
2008	59,783	52,555
2009	63,268	49,069
2010	61,231	41,745
2011	<u>759,591</u>	<u>3,636</u>
	<u>\$ 1,408,048</u>	<u>\$ 203,358</u>

NOTE 9 DESIGNATED FUND BALANCE

The Board of Directors has designated fund for future building repairs in the amount of \$5,158.

NOTE 10 RESERVED FUND BALANCE

	<u>Balance July 1, 2005</u>	<u>Revenue July 1, 2005 - June 30, 2006</u>	<u>Disbursements July 1, 2005 - June 30, 2006</u>	<u>Balance June 30, 2006</u>
Gulf States Utilities (Project Care)	<u>\$ 27</u>	<u>\$ 16,037</u>	<u>\$ 7,743</u>	<u>\$ 8,321</u>

The Council receives funding from various utility companies for the restricted purpose of alleviating hardship conditions related to the payment of utility bills for elderly individuals. Funds available at year-end for this purpose have been reserved accordingly.

The Council has other assets which are restricted in their application by virtue of the donor's intention or commitments already entered into by the Council. These amounts are also reported as reserved fund balance. These include escrow-type deposits required by the U.S. Department of Housing and Urban Development (HUD) in connection with elderly housing projects undertaken and sponsored by the Council. Other restricted assets arise because of gifts solicited and collected for a specific purpose by the Council. Other assets, like the utility assistance above, are restricted by the terms and nature of the grant. Finally, some assets represent "deposits" pledged to confirm the Council's intentions with respect to certain



LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 RESERVED FUND BALANCE (Continued)

projects. Related accumulated income is included in some of the restricted balances. Details on the reserved balances are set out below:

Miles for Meals	\$ 13,666
Project Care	8,321
Meals for elderly	5,600
Title III C-1	3,016
Title III D	6,130
Title III E	2,688
Prepaid expenditures	<u>32,381</u>
Total Reserved Fund Balance	<u>\$ 71,802</u>

NOTE 11 DEFICIT FUND BALANCE

The following funds had deficit fund balances at year-end. The deficit balances will be eliminated in future years by reducing expenditures and by operating transfers from other funds.

Day Break	\$ 49,678
Broussard House	932
Foster Grandparents Fund	4,662
Transportation Options Management	8,660
Senior Olympics	4,698

NOTE 12 BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed for any out-of-pocket costs they might incur on behalf of the Council in accordance with the Council's applicable reimbursement policy.

NOTE 13 IN-KIND CONTRIBUTIONS

The Council received various in-kind contributions during the year, which have been valued at their estimated fair market value, and presented in this report as revenue. Related expenditures, equal to the in-kind revenues, have also been presented, thereby producing no effect on net income (loss) in the governmental funds.

NOTE 14 INCOME TAX STATUS

The Council, a non-profit corporation, is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 15 JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

There is no litigation pending against the Council as of year-end. The Council's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

NOTE 16 CONTINGENCIES-GRANT PROGRAMS

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provisions has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

NOTE 17 ECONOMIC DEPENDENCY

The Council receives the majority of its revenue through grants administered by the Louisiana Governor's Office of Elderly Affairs (GOEA), Cajun Area Agency on Aging, Inc., Corporation for National and Community Service and the U.S. Department of Labor. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year, except for the expiration of the Title V-Sr. Aides program as of October 31, 2006 which was not renewed for 2007.

NOTE 18 RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage. The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 19 INTERFUND RECEIVABLES AND PAYABLES

Because the Council operates most of its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans in the Fund Financial Statements. A summary of these interfund loans at year end, is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 67,634	\$ 48,352
Special Revenue Funds:		
Title III B	-	14,023
Title III C-1	-	5,735
Title III C-2	-	1,425
Title III D	-	678
Title III E	-	1,716
Community Base Program	1,067	-
Transportations Options Management	-	8,883
Title V - Senior Aides	-	4,985
Senior Center	-	543
Elderly Housing Management	20,489	-
Family Caring Network	14,429	-
Senior Olympics	-	4,694
Broussard House	-	731
Foster Grandparents Program	-	4,895
United Givers	12,367	-
Day Break	-	57,685
Enterprise Funds:		
Woodvale Place Apartments	39,360	-
Belle Rose Gardens	-	1,001
	<u>          </u>	<u>          </u>
Total	<u>\$ 155,346</u>	<u>\$ 155,346</u>

These loans have been eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

NOTE 20 INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfers were eliminated as part of the consolidation process in preparing the Government Wide Financial Statements.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 20 INTERFUND TRANSFERS (Continued)

Interfund transfers to and from are listed by fund for the fiscal year as follows:

	Funds Transferring In:			
	General Fund	Title III B	Title III C-1	Title III C-2
<u>Funds transferring out:</u>				
General Fund	\$ -	\$ -	\$ 945	\$ 39,750
Total General Fund	-	-	945	39,750
Non-Major Funds:				
Title III D	1,874	-	-	-
Title III E	1,416	-	-	-
Elderly Housing Management	56,035	1,397	-	-
United Givers	-	-	-	58,223
Senior Center	-	36,441	-	17,167
Supplemental Senior Center	-	3,825	-	-
Total Special Revenue Funds	59,325	41,663	-	75,390
Total all funds	\$ 59,325	\$ 41,663	\$ 945	\$ 115,140
	Funds Transferring In:			
	Emergency Food and Shelter	Totals		
<u>Funds transferring out:</u>				
General Fund	\$ 245	\$ 40,940		
Total General Fund	245	40,940		
Non-Major Funds:				
Title III D	-	1,874		
Title III E	-	1,416		
Elderly Housing Management	-	57,432		
United Givers	-	58,223		
Senior Center	-	53,608		
Supplemental Senior Center	-	3,825		
Total Special Revenue Funds	-	176,378		
Total all funds	\$ 245	\$ 217,318		

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 21 RELATED PARTY TRANSACTIONS

The Council has related party receivables relating to several housing development projects underway. The Council also formed a Community Housing Development Organization (CHDO) for the purpose of funding the housing development projects. The Council's board members are the same and/or the Council is the sponsor for these entities. The balance due from these entities as of June 30, 2006 are as follows:

<u>Entity</u>	<u>Balance</u>
Beau Maisons Estates	\$ 93,225
Scott Elderly Housing	41,388
Les Petites Maisons	15,540
Les Petites Maisons II	12,566
Cottages of Acadiana	27,885
CHDO	<u>1,152</u>
Total	<u>\$ 191,756</u>

These balances are included in Accounts Receivable of the general fund (\$7,087) and Woodvale Place Apartments (\$184,669).

**SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34**

LAFAYETTE COUNCIL ON AGING, INC.

Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
Budgetary fund balance, July 1	\$ 58,251	\$ 58,251	\$ 58,251	\$ -
Resources (inflows):				
Grant revenue	36,103	32,570	32,570	-
Local and miscellaneous	222,009	238,432	254,559	16,127
Transfers in	63,148	59,090	59,325	235
Amounts available for appropriation	<u>379,511</u>	<u>388,343</u>	<u>404,705</u>	<u>16,362</u>
Charges to appropriations (outflows):				
Salaries	91,952	81,832	78,241	3,591
Fringe	11,697	9,878	11,505	(1,627)
Travel	2,019	1,659	1,498	161
Operating services	70,708	58,191	61,826	(3,635)
Operating supplies	22,995	15,496	16,394	(898)
Other costs	85,786	82,967	87,631	(4,664)
Transfers out	27,637	39,417	40,940	(1,523)
Total charges to appropriations	<u>312,794</u>	<u>289,440</u>	<u>298,035</u>	<u>(8,595)</u>
Budgetary fund balance, June 30	<u>\$ 66,717</u>	<u>\$ 98,903</u>	<u>\$ 106,670</u>	<u>\$ 7,767</u>

LAFAYETTE COUNCIL ON AGING, INC.

Budgetary Comparison Schedule  
Title V – Senior Aides  
Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance (deficit), July 1	\$ 34,165	\$ 34,165	\$ 34,165	\$ -
Resources (inflows):				
Intergovernmental	801,622	772,894	773,798	904
Local and miscellaneous	33,912	35,215	36,036	821
In-kind revenue	71,947	96,396	103,353	6,957
Amounts available for appropriation	941,646	938,670	947,352	8,682
Charges to appropriations (outflows):				
Salaries	697,716	680,123	667,342	12,781
Fringe	80,471	57,281	57,165	116
Travel	5,000	7,162	9,009	(1,847)
Operating services	32,090	60,242	40,158	20,084
Operating supplies	3,000	2,301	2,291	10
Other costs	17,257	1,000	20,020	(19,020)
In-kind expense	71,947	96,396	103,353	(6,957)
Total charges to appropriations	907,481	904,505	899,338	5,167
Budgetary fund balance, June 30	\$ 34,165	\$ 34,165	\$ 48,014	\$ 13,849



LAFAYETTE COUNCIL ON AGING, INC.

Budgetary Comparison Schedule  
Foster Grandparents Program  
Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ (3,146)	\$ (3,146)
Resources (inflows):				
Intergovernmental	366,120	443,378	417,331	(26,047)
In-kind revenue	<u>50,289</u>	<u>50,289</u>	<u>50,289</u>	<u>-</u>
Amounts available for appropriation	<u>416,409</u>	<u>493,667</u>	<u>464,474</u>	<u>(29,193)</u>
Charges to appropriations (outflows):				
Salaries	58,085	61,137	61,643	(506)
Fringe	10,439	9,383	9,324	59
Travel	5,452	3,796	4,206	(410)
Operating services	8,865	11,568	12,352	(784)
Operating supplies	2,430	3,137	4,076	(939)
Other costs	280,849	354,357	327,246	27,111
In - kind expense	<u>50,289</u>	<u>50,289</u>	<u>50,289</u>	<u>-</u>
Total charges to appropriations	<u>416,409</u>	<u>493,667</u>	<u>469,136</u>	<u>24,531</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,662)</u>	<u>\$ (4,662)</u>

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA**

## LAFAYETTE COUNCIL ON AGING, INC.

Schedule of Non-Major Special Revenue Funds  
Year Ended June 30, 2006

	Title III B	Title III C-1	Title III C-2	Title III D	Title III E	Senior Center	Supplemental Senior Center
<b>REVENUES</b>							
Intergovernmental:							
Governor's Office of Elderly Affairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,789	\$ 3,825
Cajun Area Agency on Aging, Inc.	128,147	36,769	52,165	7,232	11,067	-	-
Department of Health and Hospitals	-	-	-	-	-	-	-
United Way of Acadiana	-	-	-	-	-	-	-
FEMA - Emergency Fund	-	-	-	-	-	-	-
Program Service Fees:							
TransportationManagement fees	6,647	-	-	-	-	-	-
Homemaker	4,597	-	-	-	-	-	-
Home delivered meals	-	-	49,206	-	-	-	-
Local and miscellaneous:							
Management fees	-	-	-	-	-	-	-
Transportation fares	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	6,089	-
Total Revenues	<u>139,391</u>	<u>36,769</u>	<u>101,371</u>	<u>7,232</u>	<u>11,067</u>	<u>93,878</u>	<u>3,825</u>
<b>EXPENDITURES</b>							
Current:							
Personnel	120,803	26,392	132,522	166	7,492	18,126	-
Fringe	14,614	3,090	13,615	26	1,023	2,050	-
Travel	7,624	1,695	35,463	1	779	119	-
Operating Services	27,604	6,125	26,336	76	247	16,143	-
Operating Supplies	9,256	154	7,118	585	41	2,758	-
Other Costs	1,153	258	1,457	614	69	1,074	-
Capital Outlay	-	-	-	3,890	-	-	-
Debt Service -							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total Expenditures	<u>181,054</u>	<u>37,714</u>	<u>216,511</u>	<u>5,358</u>	<u>9,651</u>	<u>40,270</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(41,663)</u>	<u>(945)</u>	<u>(115,140)</u>	<u>1,874</u>	<u>1,416</u>	<u>53,608</u>	<u>3,825</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	41,663	945	115,140	-	-	-	-
Transfers out	-	-	-	(1,874)	(1,416)	(53,608)	(3,825)
Total other financing sources and uses	<u>41,663</u>	<u>945</u>	<u>115,140</u>	<u>(1,874)</u>	<u>(1,416)</u>	<u>(53,608)</u>	<u>(3,825)</u>
Net Increase (Decrease) in fund balances	-	-	-	-	-	-	-
<b>FUND BALANCES</b>							
Beginning of the year	-	-	-	-	-	-	-
End of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Broussard House	United Givers	Elderly Housing Management	Family Caring Network	FEMA	Community Base Program	Day Break	Transportation	Senior Olympics	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,614
-	-	-	-	-	-	-	-	-	235,380
-	-	-	-	-	-	79,171	-	-	79,171
-	70,590	-	-	-	-	-	-	-	70,590
-	-	-	-	10,344	-	-	-	-	10,344
-	-	-	-	-	-	-	-	-	6,647
-	-	-	-	-	-	-	-	-	4,597
-	-	-	-	-	-	-	-	-	49,206
-	-	112,597	-	-	-	-	-	-	112,597
-	-	-	-	-	-	-	2,511	-	2,511
8,841	-	-	-	-	-	-	-	-	8,841
<u>5,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,170</u>	<u>36,125</u>	<u>-</u>	<u>12,382</u>	<u>61,178</u>
<u>14,253</u>	<u>70,590</u>	<u>112,597</u>	<u>-</u>	<u>10,344</u>	<u>1,170</u>	<u>115,296</u>	<u>2,511</u>	<u>12,382</u>	<u>732,676</u>
3,701	-	32,313	-	-	822	60,208	573	4,204	407,322
505	-	5,209	-	-	65	5,360	125	337	46,019
58	-	740	-	-	-	565	-	300	47,344
13,459	-	3,206	-	-	47	39,151	1,245	4,514	138,153
-	-	-	-	-	-	18,602	533	4,618	43,665
-	-	-	-	16,409	-	7,354	600	879	29,867
-	-	-	-	-	-	-	-	-	3,890
1,101	-	-	-	-	-	-	-	-	1,101
<u>1,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,287</u>
<u>20,111</u>	<u>-</u>	<u>41,468</u>	<u>-</u>	<u>16,409</u>	<u>934</u>	<u>131,240</u>	<u>3,076</u>	<u>14,852</u>	<u>718,648</u>
<u>(5,858)</u>	<u>70,590</u>	<u>71,129</u>	<u>-</u>	<u>(6,065)</u>	<u>236</u>	<u>(15,944)</u>	<u>(565)</u>	<u>(2,470)</u>	<u>14,028</u>
-	-	-	-	245	-	-	-	-	157,993
<u>-</u>	<u>(58,223)</u>	<u>(57,432)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,378)</u>
<u>-</u>	<u>(58,223)</u>	<u>(57,432)</u>	<u>-</u>	<u>245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,385)</u>
(5,858)	12,367	13,697	-	(5,820)	236	(15,944)	(565)	(2,470)	(4,357)
<u>4,926</u>	<u>-</u>	<u>11,044</u>	<u>14,428</u>	<u>5,820</u>	<u>839</u>	<u>(33,734)</u>	<u>(8,095)</u>	<u>(2,228)</u>	<u>(7,000)</u>
<u>\$ (932)</u>	<u>\$ 12,367</u>	<u>\$ 24,741</u>	<u>\$ 14,428</u>	<u>\$ -</u>	<u>\$ 1,075</u>	<u>\$ (49,678)</u>	<u>\$ (8,660)</u>	<u>\$ (4,698)</u>	<u>\$ (11,357)</u>

LAFAYETTE COUNCIL ON AGING, INC.

Comparative Schedule of General Fixed Assets  
And Changes In General Fixed Assets  
Year Ended June 30, 2006

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
General fixed assets:				
Buildings	\$ 517,924	\$ -	\$ -	\$ 517,924
Land	89,018	-	-	89,018
Leasehold improvements	28,911	-	-	28,911
Furniture and equipment	110,597	3,890	(5,740)	108,747
Vehicles	<u>167,590</u>	<u>-</u>	<u>-</u>	<u>167,590</u>
Total general fixed assets	<u>\$ 914,040</u>	<u>\$ 3,890</u>	<u>\$ (5,740)</u>	<u>\$ 912,190</u>
Investment in general fixed assets:				
Local	721,146	-	(2,580)	718,566
Title III-C-1	1,192	-	-	1,192
Title III-C-2	521	-	-	521
Title III D	39,229	3,890	-	43,119
Senior Center	6,436	-	(1,946)	4,490
Title V	1,418	-	-	1,418
Foster Grandparents Program	6,612	-	(1,214)	5,398
Elderly Housing Management	48,461	-	-	48,461
Title XIX	564	-	-	564
Senior Olympics	1,098	-	-	1,098
Section 5310 - Capital Assistance	<u>87,363</u>	<u>-</u>	<u>-</u>	<u>87,363</u>
Total investment in general fixed assets	<u>\$ 914,040</u>	<u>\$ 3,890</u>	<u>\$ (5,740)</u>	<u>\$ 912,190</u>

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY  
OMB CIRCULAR A-133**

LAFAYETTE COUNCIL ON AGING, INC.

Schedule Of Expenditures Of Federal Awards  
Year Ended June 30, 2006

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTORS/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT YEAR ENDED</u>
<b><u>U.S. Department of Health and Human Services - Administration on Aging</u></b>		
Passed through the Governor's Office of Elderly Affairs:		
Special Programs for the Aging :		
Title III, Part B - Supportive Services and Senior Centers	93.044	6/30/06
Title III, Part C-1 - Nutrition Services (Congregate Meals)	93.045	6/30/06
Title III, Part C-2 - Nutrition Services (Home-Delivered Meals)	93.045	6/30/06
Subtotal CFDA #93.045		
Title III, Part D - Disease Prevention and Health Promotion	93.043	6/30/06
Title III, Part E - Caregiver Support	93.052	6/30/06
Totals for U.S. Department of Health and Human Services - Administration on Aging		
<b><u>Corporation for National and Community Service</u></b>		
Foster Grandparents Program	94.011	9/30/05
Foster Grandparents Program	94.011	9/30/06
Totals for Corporation for National Service		
<b><u>U.S. Department of Labor</u></b>		
Passed through the Senior Service America, Inc.:		
Title V- Sr. Aides	17.235	6/30/06
Totals for U.S. Department of Labor		
<b><u>Federal Emergency Management Agency</u></b>		
Passed through the United Way of Acadiana:		
Emergency Food and Shelter Program	83.523	6/30/06
Totals for Federal Emergency Management Agency		
<b><u>U.S. Department of Agriculture</u></b>		
Rural Housing Services	10.766	6/30/06
Totals for U.S. Department of Agriculture		
<b><u>U.S. Department of Housing and Urban Development</u></b>		
Section 8 - Housing Assistance Payments		
Program - Special Allocations	14.195	6/30/06
Totals for U.S. Department of Housing and Urban Development		
Total federal grants		

Note A - Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards include the federal grant activity of the Lafayette Council on Aging, Inc. and has been prepared using the modified accrual basis of accounting as contemplated under generally accepted accounting principles and which is the same basis of accounting used for presenting the fund financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the presentation of, the financial statements of, the financial statements.

<u>PROGRAM OR AWARD AMOUNT</u>	<u>FEDERAL REVENUE RECOGNIZED</u>	<u>FEDERAL EXPENDITURES</u>
\$ 96,110	\$ 96,110	\$ 96,110
36,769	36,769	36,769
<u>21,909</u>	<u>21,909</u>	<u>21,909</u>
<u>58,678</u>	<u>58,678</u>	<u>58,678</u>
7,232	7,232	7,232
<u>7,690</u>	<u>7,690</u>	<u>7,690</u>
<u>169,710</u>	<u>169,710</u>	<u>169,710</u>
108,550	108,550	108,550
<u>290,671</u>	<u>290,671</u>	<u>290,671</u>
<u>399,221</u>	<u>399,221</u>	<u>399,221</u>
<u>773,798</u>	<u>773,798</u>	<u>773,798</u>
<u>773,798</u>	<u>773,798</u>	<u>773,798</u>
<u>10,344</u>	<u>10,344</u>	<u>10,344</u>
<u>10,344</u>	<u>10,344</u>	<u>10,344</u>
<u>1,458,670</u>	<u>1,458,670</u>	<u>1,458,670</u>
<u>1,458,670</u>	<u>1,458,670</u>	<u>1,458,670</u>
<u>106,806</u>	<u>106,806</u>	<u>106,806</u>
<u>106,806</u>	<u>106,806</u>	<u>106,806</u>
<u>\$ 2,918,549</u>	<u>\$ 2,918,549</u>	<u>\$ 2,918,549</u>





Independent Auditor's Report on  
Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

The Board of Directors  
Lafayette Council On Aging, Inc.  
Lafayette, Louisiana

We have audited the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Lafayette Council On Aging, Inc., as of and for the year ended June 30, 2006, which collectively comprise the Lafayette Council On Aging, Inc., Inc.'s basic financial statements and have issued our report thereon dated October 23, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lafayette Council On Aging, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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E. Larry Sikes, CPA, CVA, CFP™  
Danny P. Frederick, CPA  
Clayton E. Darnall, CPA, CVA  
Eugene H. Darnall, III, CPA  
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John P. Armato, CPA  
J. Stephen Gardes, CPA, CVA  
Jennifer S. Ziegler, CPA, CFP™  
Chris A. Miller, CPA, CVA  
Stephen R. Dischler, MBA, CPA  
Steven G. Moosa, CPA  
M. Rebecca Gardes, CPA  
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Carol C. Guillory, CPA  
Christy S. Dew, CPA  
Heather N. Clement, CPA  
Victoria M. LaPrairie, CPA  
Emily J. LeBoeuf, CPA  
Rachel W. Ashford, CPA

125 Rue Beauregard  
Lafayette, LA 70508  
Phone: 337.232.3312  
Fax: 337.237.3614

1231 E. Laurel Ave.  
Eunice, LA 70535  
Phone: 337.457.4146  
Fax: 337.457.5060

1201 Brashear Ave.  
Suite 301  
Morgan City, LA 70380  
Phone: 985.384.6264  
Fax: 985.384.8140

203 S. Jefferson Street  
Abbeville, LA 70510  
Phone: 337.893.5470  
Fax: 337.893.5470

Member of:  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

### Compliance and Other Matters

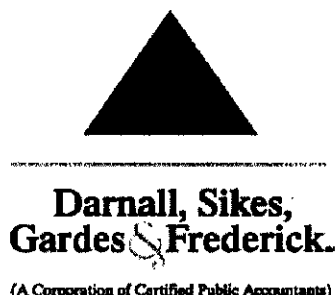
As part of obtaining reasonable assurance about whether the Lafayette Council On Aging, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Dannall, Sikes, Gardes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana  
October 23, 2006



**Independent Auditor's Report on Compliance with  
Requirements Applicable to each Major Program  
and Internal Control over Compliance  
in Accordance with OMB Circular A-133**

The Board of Directors  
Lafayette Council On Aging, Inc.  
Lafayette, Louisiana

**Compliance**

We have audited the compliance of Lafayette Council On Aging, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 "Compliance Supplement" that are applicable to its major federal program for the year ended June 30, 2006. The Lafayette Council On Aging, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Lafayette Council On Aging, Inc.'s management. Our responsibility is to express an opinion on the Lafayette Council On Aging, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Evangeline Council On Aging, Inc.'s compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Lafayette Council On Aging, Inc.'s compliance with those requirements.

In our opinion, the Lafayette Council On Aging, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2006.

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### Internal Control Over Compliance

The management of the Lafayette Council On Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Lafayette Council On Aging, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Dannall, Sikes, Gardes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

October 23, 2006

LAFAYETTE COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2006

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Lafayette Council On Aging, Inc.'s financial statements as of and for the year ended June 30, 2006.

Reportable Conditions - Financial Reporting

There were no reportable conditions in internal control over financial reporting disclosed during the audit of the financial statements.

Material Noncompliance - Financial Reporting

We noted no instances of material noncompliance during the audit of the financial statements.

FEDERAL AWARDS

Major Program Identification

The Lafayette Council On Aging, Inc., for the year ended June 30, 2006, had two major programs: 1) Foster Grandparents Program, which received funds from the Corporation for National and Community Service and 2) Belle Rose Gardens Rural Housing Service which received funds from the U.S. Department of Agriculture.

Low-Risk Auditee

The Lafayette Council On Aging, Inc. is considered a low-risk auditee for the year ended June 30, 2006.

Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended June 30, 2006.

Auditor's Report - Major Program

An unqualified opinion has been issued on the Lafayette Council On Aging, Inc.'s compliance for its major programs as of and for the year ended June 30, 2006.

LAFAYETTE COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2006

Reportable Conditions - Major Program

There were no reportable conditions noted during the audit of the major federal programs.

Compliance Finding Related to Major Program

The audit did not disclose any material noncompliance or questioned costs relative to its major federal programs.

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

This section is not applicable for the fiscal year ended June 30, 2006.

Part III Findings and Questioned Costs Relating to the Federal Programs

The audit did not disclose any material noncompliance or questioned costs relative to its federal programs.

Part IV Management Letter

The auditor did not issue a management letter this year.

LAFAYETTE COUNCIL ON AGING, INC.

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2006

05-1 Finding: Budget Variances  
Status: This finding has been resolved.

**LAFAYETTE COUNCIL ON AGING, INC.**

**Management's Corrective Action Plan  
Year Ended June 30, 2006**

**Response to Findings:**

No current year findings were noted; therefore, no response is necessary.